

BREAKTHROUGH PRODUCTIVITY SAVES \$2.8 BILLION

It's a (contract) wrap

Two major postal unions have new contracts with USPS. If you're a rural letter carrier or mail handler, here's the skinny on how your wages and benefits shape up for the future. (At press time, the mail handlers' agreement was tentative, subject to ratification by members)

The bottom line: a 5.6 percent wage hike over four years. The contract for the National Rural Letter Carriers' Association (NRLCA) is the result of an arbitration award. NRLCA represents about 118,000 USPS employees. The Postal Service and the National Postal Mail Handlers Union (NPMHU) reached a negotiated agreement. The union represents about 61,000 mail handlers.

Both agreements approximate the wage increase settled in the arbitration decision for the American Postal Workers Union, AFL-CIO, announced Dec. 18, 2001.

The wage hike:

1.2 percent, effective Nov. 18, 2000
1.8 percent, effective Nov. 17, 2001
1.4 percent, effective Nov. 16, 2002
1.2 percent, effective Nov. 15, 2003

Both agreements allow for continuation of the current cost-of-living adjustment (COLA), except for a lump sum cash payment of \$499 in lieu of COLA payments for the first year.

Additional details on the NRLCA agreement

Two pay adjustments also were awarded, one of which is, in effect, the equivalent of a one pay-level upgrade. The other is a \$300 wage increase. Both are effective May 18, 2002.

The general increases are not automatically provided. They are funded by productivity changes in rural carriers' standards.

The flat-mail casing standard will increase from 8 to 10 pieces per minute. The letter-mail casing standard will increase from 16 to 18 pieces per minute. Strapout of mail will be increased from 60 to 70 pieces per minute and the definition of letter-size mail will be increased from 5 inches to 6 1/8 inches in width.

These are the first significant operations changes in rural delivery in 20 years.

The Postal Service secured a 2002 national mail count for all rural routes beginning Feb. 28 and ending March 13. Future national mail counts will be four weeks in length in 2003 and three weeks in 2004, starting on the Saturday preceding the Presidents' Day holiday in February in each of those two years.

Additionally, beginning with the 2002 national mail count, the coverage factor applied to the regular box allowance for L routes will be increased from 82 percent (1.64 minutes per box) to 91 percent (1.82 minutes per box).

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Productive? You bet we are!

The Breakthrough Productivity Initiative (BPI) program began in 2000. The goal was to reduce costs by \$4 billion to \$5 billion over five years. Here we are in 2002. How much has USPS saved through BPI to date? How does \$2.8 billion sound to you?

Some of the credit goes to plants and Performance Clusters with the best delivery performance during FY 2001. They were honored at the first annual Breakthrough Productivity Initiative (BPI) recognition event. "The fact that we have had the longest sustained productivity improvement stretch in our history under this program speaks volumes," says PMG Jack Potter. Chief Operating Officer Pat Donahoe says efforts in achieving breakthrough productivity benefit both the Postal Service and customers.

Four categories were recognized

They are best overall delivery performance, most improved delivery performance, best overall mail processing performance and most improved mail processing operations. Potter presented the awards along with Donahoe and Senior Vice President, Operations, John Rapp.

Best overall delivery performance

Nine PCs were recognized for best overall delivery performance: Mississippi, Tennessee, Columbus, Alabama, Greater Indiana, South Georgia, Los Angeles, Richmond and Hawkeye. Two Areas were cited: Southeast and Mid-Atlantic.

Most improved delivery operations

Eight PCs were recognized for most improved delivery operations: Cleveland, San Jose, Cincinnati, Oakland, Boston, Philadelphia, Sacramento and Santa Ana. Two Areas were cited: Allegheny and Pacific.

Best overall mail processing performance

Thirty-seven plants and two Areas were recognized for best overall mail processing performance. Awards were given by size of plant. *Very small plants:*



Grand Island P&DF, Norfolk P&DF, Pasco P&DF, Marysville P&DF, Augusta P&DF and Ashland P&DF. *Small plants:* Salem P&DF, Peoria P&DF, Ft. Wayne P&DC, Oxnard P&DF, Boise P&DC, Lincoln P&DF, Santa Barbara P&DC, South Bend P&DC, Staten Island P&DF, Columbia, MO, P&DF and Lexington P&DC. *Medium plants:* Spokane P&DC, Anaheim P&DF, Pasadena P&DC, Ft. Myers P&DC, Baton Rouge P&DC, St. Petersburg P&DC, Greenville P&DC, Baltimore Inc Mail P&DF and Honolulu P&DC. *Medium-large plants:* Salt Lake City P&DC, Industry P&DC, San Bernardino P&DC,

Las Vegas P&DC, Oklahoma City P&DC, Santa Ana P&DC and Nashville P&DC. *Large plants:* Margaret Sellers P&DC, Seattle P&DC, Sacramento P&DC, and Dominick V. Daniels P&DC. Two Areas cited: Western and Mid-Atlantic.

Most improved mail processing operations

Eight PCs and two areas were recognized for most improved mail processing operations: Northern Virginia, Mississippi, North Florida, Tennessee, Las Vegas, Oakland, Albuquerque and South Georgia. The Areas cited were Western and Capital Metro.

INDUSTRYwatch

Bye-bye monopoly

There's a lot of shakin' going on in the British postal world. Britain's postal service, Consignia, will lose its monopoly over mail deliveries and face full competition by 2006, reports *Reuters*. Industry regulators ruled that from April, bulk business mail – nearly half the letters sent in Britain – could be handled by rival operators to state-owned Consignia and that all deliveries could be open to competition within four years. Consignia says the proposal would mean "death by a thousand cuts."

"We'll do it," say the Germans

They heard Britain was opening the postal market to competition. The German post office is likely to apply for a license to collect business mail in the United Kingdom, reports *The Observer*. Deutsche Post is the largest in a group of postal and distribution companies thought to be lining up to enter previously closed parts of the UK market now that the postal delivery monopoly held by Consignia is nearing an end. Other potential newcomers include UPS, the newspaper says.

Irradiation limited

Irradiation remains the best technology for rendering the mail safe from biohazards in a timely fashion, says USPS. "We've found no medical or scientific link" to irradiated mail and health-related complaints, such as itching and sneezing, cited by federal workers who have handled the specially treated mail, says Deborah Willhite, senior VP, Government Relations and Public Policy.

Currently, the only mail being irradiated is destined for specific government offices in ZIP Codes

202, 203, 204 and 205. Postal officials have repeatedly consulted with government agencies and health experts to assure the irradiation process is safe and efficient.

Current irradiation is done with electron beam technology. Irradiating mail does produce carbon monoxide, other gases and volatile organic compounds from the breakdown of plastics and similar materials. But – and this is important – USPS has implemented venting and other controls to dramatically reduce the

concentration of these gases before employees process the mail. Tom Day, VP, Engineering, says the mail is closely monitored before it is released to government agencies. "We have a scientifically accepted means of decontaminating letters and flats," says Day.

Willhite adds that irradiated mail is extremely dry and creates more paper dust, which could be a factor in some of the federal workers' complaints.

And the future holds...

Stay tuned. USPS expects to present its transformation plan to Congress next month. It will serve as a long-term blueprint for the organization's future. Did you get your two cents in? Too late now. The comment period closed Jan. 31.

You've got the key to customer satisfaction

If Michael Jackson were to write a song about the Postal Service, it would probably go something like this: Scan it! Just scan it.

Why all the emphasis on the importance of scanning? Customer satisfaction! Scanning is now an integral part of Postal Service business. Scanning/entering

information on Express Mail and Confirmation Service items provides customers with convenient delivery information when they visit the USPS website at www.usps.com or call toll-free 1-800-222-1811. Proper scanning of Certified Mail provides customers with quick response time for proof of delivery requests. Consistent

scanning reduces the amount of time it takes to process a claim for Insured, Registered and COD items.

Remember to scan every day, every time with the correct scan event. Our customers buy it, expect it – and deserve it. And the more they buy, the better off we'll be.

QUOTABLE

"Service is what we're all about. Service is what sets us apart. Service is what will keep our customers coming back. And if we can keep them coming back, we can build a strong future for the Postal Service."

PMG Jack Potter

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Kick your tires

You're very important people to Goodyear. As part of an agreement that makes Goodyear the exclusive supplier of new tires for USPS vehicles, Postal Service employees – current and retired – can receive savings on their personal tire and

automotive service needs under a special Goodyear VIP Program. Participating Goodyear retailers will offer savings to USPS employees. The discount includes a lube, oil and filter for \$14.95 for most vehicles, 15 percent off automotive services and 10 percent off Goodyear brand tires. Percentage discounts are off of sale, everyday and retail prices – whichever is lowest. Qualifying employees will be eligible to receive a Goodyear VIP

Program credit card with no annual fee. Interest is free on all purchases paid within the billing cycle, purchases over \$100 are interest free for 90 days, and a \$5 rebate is offered on a second purchase made on the card. There are additional discounts and coupons for cardholders throughout the year. To receive the special VIP pricing, employees simply present the VIP credit card, employee photo ID or other proof of employment.

Who wants to be a millionaire?

Two-and-a-half million big ones is a lot of incentive. The reward in the anthrax-tainted mail case now stands at \$2.5 million. The Postal Service and the FBI each contributed an additional \$500,000 to the reward pot, which originally was \$1 million. ADVO, Inc. doubled its portion from \$250,000 to \$500,000. The reward is offered for information leading to the arrest and conviction of the anthrax mailer. A nationally coordinated criminal investigation continues to focus on the anthrax-tainted letters sent from Trenton, NJ. Got a clue? Call 1-800-CRIME TV (1-800-274-6388), or send an e-mail to amerithrax@fbi.gov.